

H. P. KHANDELWAL & CO.

CHARTERED ACCOUNTANTS

To
The Board of Directors
Birla Corporation Limited
Birla Building, 3rd Floor
9/1, R. N. Mukherjee Road
Kolkata - 700 001

Sub: Conversion of account of Birla Corporation Cement Manufacturing PLC - Ethiopia as per Indian GAAP

1. In accordance with our engagement letter of April 26th, 2012, we have verified the accompanying financial statements of Birla Corporation Cement Manufacturing PLC , expressed in INR, which comprises of Balance Sheet as on 31st March 2012 and the statement of profit & Loss account (prepared under the generally accepted accounting principles as applicable under the laws of Ethiopia and audited by other auditors) duly converted into Indian GAAP as per the requirements of The Companies Act 1956 and in compliance with The Companies (Accounting Standard) Rules 2006 and we have signed under reference to this certificate.
2. The conversion has been done by the management of Birla Corporation Limited ("the Company") ,being the holding company of Birla Corporation Cement Manufacturing PLC ("the subsidiary") , in accordance with generally accepted accounting practice in India and other recognized accounting practices and policies followed by the Company to enable their incorporation in the consolidated financial statements of the Company pursuant to Accounting Standards 21 - Consolidation Financial Statements - as notified under The Companies (Accounting Standards) Rules 2006.
3. The conversion of these financial statements into the relevant formats is the responsibility of the management of the Company. Our responsibility is to certify whether these financial statements and relevant formats prepared for the purpose outlined above are in accordance with the generally accepted auditing standards in India.



4. The management of the company has considered the operation of its subsidiary as "Non Integral Foreign Operation" and accounting treatment for the conversion of subsidiary's financial statements has been done as set out in the Accounting standard -11 "The effects of changes in the Foreign Exchange Rates" as notified by the Central Government of India in The Companies (Accounting Standards) Rules 2006.
5. Based on our verification and on the basis of information and explanations given to us, the accompanying converted financial statements and relevant formats of the subsidiary read with notes thereon and attached thereto have been converted as per the requirements of Accounting standard -11 and are in conformity with generally accepted accounting principles and other recognized accounting practices and policies in India.
6. This certificate is intended solely for the information and use of the Company and its statutory auditors in connection with their audit of consolidated financial statements of Company. We do not accept or assume any liability or duty of care for any other purposes or to any third parties to whom this certificate is shown, or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For H. P. Khandelwal & Co.
Chartered Accountants
Firm Registration No. 302050E

Rajiv Singhi

(Rajiv Singhi)
Partner

Membership No. 053518

Place: Kolkata

Date : the 28th day of April, 2012



BIRLA CORPORATION CEMENT MANUFACTURING PLC.
BALANCE SHEET as at 31st March 2012

(Amount in ₹)

	Note No.	As at March 31, 2012
EQUITY AND LIABILITIES		
SHAREHOLDERS' FUND		
Share Capital	2.1	4,973,836
Reserves and Surplus	2.2	(286,361)
		4,687,475
NON-CURRENT LIABILITIES		
Long-Term Borrowings	2.3	303,410
		303,410
CURRENT LIABILITIES		
Trade Payables	2.4	161,053
		161,053
TOTAL		5,151,938
ASSETS		
NON-CURRENT ASSETS		
Long-Term Loans and Advances	2.5	13,312
		13,312
CURRENT ASSETS		
Cash and Bank Balances	2.6	5,138,626
		5,138,626
TOTAL		5,151,938

Significant Accounting Policies

1

The Notes form an integral part of the Financial Statements

For and on behalf of the Board

For H.P. KHANDELWAL & Co
Chartered Accountants
Firm Registration No. 302050E

Rajiv Singh

RAJIV SINGHI

Partner

Membership No. 053518

The 28th day of April, 2012



Aditya Saraogi

ADITYA SARAOGI

General Manager

BIRLA CORPORATION CEMENT MANUFACTURING PLC.
STATEMENT OF PROFIT & LOSS for the period 2nd August, 2011
(Date of Incorporation) to 31st March 2012

	Note No.	(Amount in ₹) For the period ended 31st March, 2012
INCOME		
Other Income	2.7	105,408
Total Revenue		105,408
EXPENSES		
Employee Benefits Expense	2.8	107,324
Other Expenses	2.9	277,595
Total		384,919
Loss for the year		(279,511)

Earnings Per Share

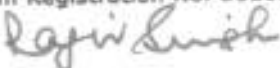
Weighted Average Number of Ordinary Shares outstanding
during the year [nominal value Birr 1000 /-]
Basic and Diluted earnings per share (in ₹)

1,700
(164.42)

Significant Accounting Policies

1

The Notes form an integral part of the Financial Statements

For H.P. KHANDELWAL & Co.
Chartered Accountants
Firm Registration No. 302050E

RAJIV SINGHI
Partner
Membership No. 053518

For and on behalf of the Board

The 28th day of April 2012




ADITYA SARAOGI
General Manager

Establishment

Birla Corporation Cement Manufacturing PLC is a subsidiary of Birla Corporation Limited and it is established in Euthopia on August 2,2011 under trade registration certificate number 01/4013/2003 and investment permit number EIA-EF/20906/2003 of Ethiopian Investment Agency.

1 Significant Accounting Policies

1.1 Basis of Accounting

- a) The financial statements are prepared under the historical cost convention, except stated otherwise, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- b) The financial statements had been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act 1956 with effect from current year. The adoption of revised schedule VI does not have any impact on recognition and measurement principles as consistent followed by the company.

1.2 Use of Estimates

The preparation of financial statements require judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimated are recognised in the period in which the results are known/materialised.

1.3 Tangible Assets

Fixed Assets, other than those which have been revalued, are stated at their original cost which includes expenditure incurred in the acquisition and construction/installation and other related expenses. In respect of qualifying assets as defined by Accounting Standard 16, related pre-operational expenses including borrowing cost are also capitalised and included in the cost. Claims in respect of capital assets are adjusted as and when settled.

1.4 Employee Benefits

Employee benefits of short term nature are recognised as expenses as and when it accrues.

1.5 Foreign Currency Transactions

- a) Foreign currency transactions are initially recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are subsequently reported using the closing rate. Exchange differences arising on the settlement of monetary items or reporting company's monetary items at rates different from those at which they were initially recorded during the period are recognised as income or expenses in the year in which they arise.
- b) In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at average exchange rates prevailing during the year; and all resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the net investment.
- c) On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.



d) When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of change in the classification.

1.6 Recognition of Revenue and Expenses

All revenue and expenses are accounted for on accrual basis except as otherwise stated.

1.7 Taxation

Taxation on income are realised in the same period as the revenues and expenses to which they relate. Deferred taxes are recognized for all timing differences between the financial statement and the tax accounts. Deferred tax asset are recognized on the unused tax losses carried forward, to the extent that the profitability of their recovery in foreseeable future is sufficiently high. Deferred taxes are measured using the tax rates that are expected to apply in the period of tax settlement or realization.

1.8 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commencement of commercial use of the assets are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.9 Provisions

Provisions are recognised where reliable estimate can be made for probable outflow of resources to settle the present obligation as a result of past event and the same is reviewed at each Balance Sheet date.

1.10 Contingent Liabilities

Contingent Liabilities are not provided for and are disclosed separately.

1.11 Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss account on a straight line basis over the lease term.



(Amount in ₹)

2. Notes to Financial Statements for the year ended 31st March, 2012

As at
31st March, 2012

2.1 : SHARE CAPITAL

Issued,Subscribed and Paid-up	
1,700 Equity Shares of Birr 1000/- each fully paid-up	4,973,836
	<u>4,973,836</u>

a) Reconciliation of Number of shares :

Equity Shares :

	As at 31st March, 2012	
	No. of Shares	Amount in ₹
Issued during the year - Shares allotted	1700	4,973,836
Balance as at the end of the year	1700	4,973,836

b) The company has only one class of issued shares i.e. equity shares having par value of Birr 1000/- per share. Each holder of equity shares is entitled to one vote per share and equal right for dividend. No preference and/or restrictions on distribution of dividend and repayment of capital is attached to the above shares.

c) Details of shares held by the Holding Company and its fellow subsidiary company are as below :

Birla Corporation Limited - Holding company

1699 Equity Shares of Birr 1000 /- each fully paid

M P Birla Group Services Private limited - fellow subsidiary

1 Equity Share of Birr 1000 /- each fully paid

d) The above shareholding constitutes more than 5% of the equity capital of the company. There are no other shareholders having more than 5% shares in the company.

e) No shares have been reserved for issue under options and contracts/ commitments for the sale of shares/disinvestment as at the balance sheet date.

f) No convertible securities has been issued by the company during the period.

g) No calls are unpaid by any Director and Officer of the Company during the period.

2.2 : RESERVES & SURPLUS

Foreign Currency Translation Reserve

Movement during the year

(6,850)

(6,850)

Surplus/ (Deficit)

Loss during the year

(279,511)

(279,511)

(286,361)



(Amount in ₹)

As at

31st March, 2012

2.3 : LONG TERM BORROWINGS

Loans and Advances from Related Parties (Unsecured)

Advances from Holding Company	303,380
Advances from fellow Subsidiary	30
	<u>303,410</u>

2.4 : TRADE PAYABLES

For Goods and Services	161,053
	<u>161,053</u>

2.5 : LONG TERM LOAN AND ADVANCES

Capital Advances	
Unsecured, considered good	13,312
	<u>13,312</u>

2.6 : CASH AND BANK BALANCES

Cash and Cash Equivalent	
Balances with Banks (USD 100,995)	5,138,626
	<u>5,138,626</u>

2.7 : OTHER INCOME

For the Period ended

31st March, 2012

Other Non Operating Income	
Net Gain/ (Loss) on Foreign currency transaction and translation	105,408
	<u>105,408</u>

2.8 : EMPLOYEE BENEFIT EXPENSE

Salaries	107,324
	<u>107,324</u>

2.9 : OTHER EXPENSES

Rent	119,544
Advertisement	7,845
Statutory Auditors - Audit Fees	19,991
Other Expenses	130,215
	<u>277,595</u>



2.11 Operating Leases

(Amount in ₹)

Operating Lease entered into by the company for hiring of office premises is valid for a period of one year. Rent is payable in advance.

2.12 Related Party Transaction

(a) As defined in AS-18 the company has a related party relationship in the nature of control with it's holding company namely Birla Corporation Ltd.

(b) During the year, the Company entered into the following related party transactions with Birla Corporation Limited the holding company.

- a) Holding Company - Birla Corporation Limited
 b) Fellow Subsidiary - M P Birla Group Services Private Limited
 b) Key Management Personnel - Shri Aditya Saraogi

Particulars	2011-2012		
	Holding Company	Fellow Subsidiary	Key Managerial Person
Advance received	303380	30	-
Remuneration	-	-	109954
Balance Outstanding at year end:			
Advance received	303380	30	-
Remuneration	-	-	109954

2.12 Comparative Figures

Since the company has been Incorporated during the year on 2nd August, 2011 the comparative numbers of the previous year have not been given.

The Notes form an integral part of the Financial Statements

For **H.P. KHANDELWAL & Co**

Chartered Accountants
 Firm Registration No. 302050E

Rajiv Singh

RAJIV SINGHI

Partner

Membership No. 053518

The 28th day of May 2012



For and on behalf of the Board

Aditya Saraogi

ADITYA SARAOGI
 General Manager